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Kunming Dianchi Water Treatment Co., Ltd.

昆明滇池水务股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3768)

**DISCLOSEABLE TRANSACTION
EXTENSION OF THE ENTRUSTED LOAN
GRANTED TO KUNMING ANJU GROUP**

ENTRUSTED LOAN EXTENSION AGREEMENT II

References are made to the Company's announcements dated 16 June 2023 and 13 June 2024 (the "Announcements") respectively in relation to (i) the entering into of the Entrusted Loan Contract by the Company (as trustor) with Kunming Anju Group (as borrower) and Jinma Branch of Guandu Rural Cooperative Bank (as trustee) in respect of the Entrusted Loan Transaction on 16 June 2023. Pursuant to the Entrusted Loan Contract, the Company entrusted Jinma Branch of Guandu Rural Cooperative Bank to provide a RMB80 million loan to Kunming Anju Group for a term of the loan from 16 June 2023 to 16 June 2024; and (ii) on 13 June 2024, the Company entered into the Entrusted Loan Extension Agreement I in relation to the Entrusted Loan Contract with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank, extending the term of the loan of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract to 16 June 2025, respectively. As at the date of this announcement, Kunming Anju Group has paid the corresponding interest in accordance with the relevant provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I and there is no outstanding interest payable which should be settled. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As at the date of this announcement, the principal balance of the entrusted loan granted by the Company to Kunming Anju Group was RMB72 million. Kunming Anju Group, due to its own capital requirements, has made a written application to the Company for the extension of the term of RMB72 million entrusted loan pursuant to the provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I. The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement II in respect of the entrusted loan under the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2025 (after trading hours) to extend the term of the loan of RMB72 million of the principal amount under the Entrusted Loan Contract/the Entrusted Loan Extension Agreement I to 16 June 2026.

Save for the amendments specified in the Entrusted Loan Extension Agreement II, all other terms and conditions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I remain unchanged.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II thereunder are more than 5% and less than 25%, the entering into of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement II in respect of the entrusted loan under the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2025 (after trading hours) to extend the term of the loan of RMB72 million of the principal amount under the Entrusted Loan Contract/the Entrusted Loan Extension Agreement I to 16 June 2026.

Save for the amendments specified in the Entrusted Loan Extension Agreement II, all other terms and conditions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I remain unchanged.

I. ENTRUSTED LOAN CONTRACT, ENTRUSTED LOAN EXTENSION AGREEMENT I AND ENTRUSTED LOAN EXTENSION AGREEMENT II

Except for the amendments specified in the Entrusted Loan Extension Agreement II, all other terms and conditions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I shall apply to the Entrusted Loan Extension Transaction II.

Salient terms of the Entrusted Loan Contract, the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II are set out below:

	Entrusted Loan Contract	Entrusted Loan Extension Agreement I	Entrusted Loan Extension Agreement II
Date:	16 June 2023	13 June 2024	13 June 2025
Parties:	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)
Principal amount of the entrusted loan/extension amount:	RMB80 million	Extension amount of RMB72 million. The extension amount shall be repaid in one lump sum upon maturity of the Entrusted Loan Extension Agreement I.	Extension amount of RMB72 million. The extension amount shall be repaid in one lump sum upon maturity of the Entrusted Loan Extension Agreement II.
Term/term of extension:	12 months, i.e. from 16 June 2023 to 16 June 2024, and if there is an early maturity of the entrusted loan declared in accordance with the Entrusted Loan Contract, the loan shall be deemed to become due at an earlier date accordingly and the interest shall be calculated based on the actual number of days and amount used.	From 16 June 2024 to 16 June 2025	From 16 June 2025 to 16 June 2026

	Entrusted Loan Contract	Entrusted Loan Extension Agreement I	Entrusted Loan Extension Agreement II
Interest rate:	<p>The interest rate is fixed at 8.5% per annum calculated by adding 485 basis points to the prime rate for a one-year loan for the day prior to the date of entering into the Entrusted Loan Contract. Interest shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. Compound interest will be calculated in accordance with the terms of the Entrusted Loan Contract for failure to repay the principal and pay interest as agreed in the Entrusted Loan Contract. Interest on each individual entrusted loan is calculated from the actual drawdown date and is based on the actual number of days used.</p>	<p>The Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I bears a fixed interest rate of 8.5% per annum. Interest shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. In case of failure to repay the principal and pay interest as agreed, compound interest is calculated in accordance with the terms of the Entrusted Loan Contract. Interest on each individual entrusted loan is calculated from the actual drawdown date (the date of commencement of the term of extension in respect of the Entrusted Loan Extension Transaction I) and is based on the actual number of days used.</p>	<p>The Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement II bears a fixed interest rate of 6.0% per annum. Interest shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. In case of failure to repay the principal and pay interest as agreed, compound interest is calculated in accordance with the terms of the Entrusted Loan Contract. Interest on each individual entrusted loan is calculated from the actual drawdown date (the date of commencement of the term of extension in respect of the Entrusted Loan Extension Transaction II) and is based on the actual number of days used.</p>
Release of loan:	<p>The principal of entrusted loan under the Entrusted Loan Contract will be released to Kunming Anju Group in one lump sum. The conditions precedent for the release of the principal of entrusted loan include Kunming Anju Group having opened an account with Jinma Branch of Guandu Rural Cooperative Bank and voluntarily accepting credit supervision and payment and settlement supervision; Kunming Anju Group having submitted an application for drawdown in advance in accordance with the provisions of the Entrusted Loan Contract, etc.</p>	Not applicable	Not applicable

	Entrusted Loan Contract	Entrusted Loan Extension Agreement I	Entrusted Loan Extension Agreement II
Repayment of loan:	Interest is payable quarterly in arrears and principal of the entrusted loan shall be repaid in one lump sum upon maturity together with interest payable. All principal, interest, etc. are required to be settled by the date of expiry of the term of entrusted loan.	Principal shall be repaid in one lump sum upon maturity of the term of the Entrusted Loan Extension Agreement I. Other relevant provisions of the Entrusted Loan Contract remain applicable.	Principal shall be repaid in one lump sum upon maturity of the term of the Entrusted Loan Extension Agreement II. Other relevant provisions of the Entrusted Loan Contract remain applicable.
Early repayment and extension of loan:	With the consent of the Company, Kunming Anju Group may repay part or all of the loan within the term of the entrusted loan after completing the formalities in accordance with the relevant provisions of the Entrusted Loan Contract. If Kunming Anju Group needs to extend the entrusted loan, Kunming Anju Group shall submit a written application for extension to the Company at least 30 days prior to the maturity date of the Entrusted Loan Contract or an individual loan which shall be reviewed and approved by the Company, and the extension agreement shall be signed in accordance with relevant terms before the loan can be extended accordingly. If the Company does not agree with the extension, Kunming Anju Group shall repay the principal and interest of the entrusted loan in accordance with the terms of the Entrusted Loan Contract.	Relevant provisions of the Entrusted Loan Contract remain applicable.	Relevant provisions of the Entrusted Loan Contract remain applicable.

	Entrusted Loan Contract	Entrusted Loan Extension Agreement I	Entrusted Loan Extension Agreement II
Service charge:	The service charge for the entrusted loan under the Entrusted Loan Contract shall be calculated at the rate of 0.15% per annum, i.e. the service charge shall be RMB120,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank in one lump sum upon release of the first batch of loan.	Same as the standards and payment methods as agreed in the Entrusted Loan Contract, i.e. the service charge for the Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I shall be calculated at the rate of 0.15% per annum, i.e. the service charge shall be RMB108,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank in one lump sum. Once paid, the service charge is non-refundable by Jinma Branch of Guandu Rural Cooperative Bank.	Same as the standards and payment methods as agreed in the Entrusted Loan Contract, i.e. the service charge for the Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement II shall be calculated at the rate of 0.15% per annum, i.e. the service charge shall be RMB108,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank in one lump sum. Once paid, the service charge is non-refundable by Jinma Branch of Guandu Rural Cooperative Bank.

Basis of the Interest Rate

The fixed annual interest rate of 6.0% under the Entrusted Loan Extension Agreement II was negotiated on an arm's length basis between the Company and Kunming Anju Group based on (1) the fact that the interest rate under the Entrusted Loan Extension Agreement II was up by 3.0% as compared to the prime rate of 3.0% for 1-year loans denominated in RMB promulgated by the National Interbank Funding Center as at 20 May 2025; (2) the prevailing market interest rates and practices; (3) the Company's returns within a reasonable range; and (4) the Company's assessment on the business conditions and creditworthiness of Kunming Anju Group.

II. REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN EXTENSION TRANSACTION II

As of the date of this announcement, Kunming Anju Group has repaid RMB8 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and has settled all the interest payable pursuant to the relevant provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I and there is no outstanding interest payable which should be settled. The total interest income to be recognized throughout the duration of the Entrusted Loan Extension Agreement I is approximately RMB6,120,000. As at 31 May 2025, the Company has recognized total interest income of approximately RMB5,730,000 and the remaining unrecognized interest income will be recognized over the remaining term of the Entrusted Loan Extension Agreement I in accordance with the provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I. By entering into the Entrusted Loan Extension Agreement II, it will increase the interest income of the Company of approximately RMB4,320,000 annually. At the same time, the relevant provisions regarding early repayment under the Entrusted Loan Contract remain applicable to the Entrusted Loan Extension Agreement II and, hence, the Company is entitled to negotiate with Kunming Anju Group regarding early repayment of the entrusted loan if it sees appropriate.

Mr. Ong King Keung, the Director, abstained from voting and Ms. Cheng Yijing, the Director, voted against the resolution at the Board meeting. Mr. Ong King Keung abstained from voting mainly because he considered that the entrusted loan was not within the scope of the principal business of the Company. The main reason for Ms. Cheng Yijing to vote against the resolution is her view that consideration should be given to investing more capital in the Company's principal business. For the above reasons, all Directors (other than Mr. Ong King Keung and Ms. Cheng Yijing (the "**Dissenting Directors**")) believe that the Entrusted Loan Extension Transaction II is entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

All Directors of the Board have given due and careful consideration to the Entrusted Loan Extension Transaction II and the opinions of the Dissenting Directors. All Directors of the Board other than the Dissenting Directors were of the unanimous view that although the Entrusted Loan Extension Transaction II is not the principal business of the Company, based on the Company's operating plan, during 2025, the Company expects to have no new significant capital expenditures and, based on an understanding of the budgetary situation of its customers, the Company expects that cash received from the Company's operations will increase during the current year as compared to the prior year. After taking into account the Company's existing cash and bank balances, other internal resources and available existing unutilized credit facilities, the Company has sufficient working capital for its operations and plans. The Entrusted Loan Extension Transaction II may generate revenue for the Company. In addition, if there is a genuine need for the Company to invest the funds in the Company's business, the Company may, based on the actual demand for the use of funds, promptly reach an agreement with Kunming Anju Group to recover the amount in advance. In addition, under the terms of the Entrusted Loan Contract, if Kunming Anju Group is in default (e.g., fails to repay the principal and interest in full as agreed, or provides false documents) or may jeopardize the claim (e.g., is involved in a major dispute or litigation, or has significant adverse changes in its equity structure, production and operation, or foreign investment), the Company has the right to declare the entrusted loan to be immediately due and to immediately recover the outstanding amount, and to charge a penalty interest and compound interest. Accordingly, the remaining Directors are of the view that the relevant provisions of the Entrusted Loan Contract, the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Kunming Anju Group has not provided a guarantee in respect of the Entrusted Loan Extension Transaction II. Prior to the entering into of the Entrusted Loan Extension Agreement II, the Company commenced an examination of the relevant supporting documents provided by Kunming Anju Group, such as financial statements, debt situation and future development, etc., and conducted inquiries and investigations into other public information. For the year ended 31 December 2024, Kunming Anju Group had total audited consolidated statement of assets of approximately RMB69,198 million, realized revenue of approximately RMB1,225 million in 2024 and net cash generated from operating activities of approximately RMB86 million. Meanwhile, the Company obtained a Credit Rating Report dated 14 January 2025 issued by a third-party appraisal company for Kunming Anju Group, in which the credit rating of Kunming Anju Group was AA+, which was consistent with the previous period. Upon the Company's comprehensive assessment of Kunming Anju Group's cash flow situation, solvency, stable rating, current operating conditions and future development, the Company is of the view that Kunming Anju Group has the ability to repay its debts and risks under the Entrusted Loan Extension Transaction II are generally manageable.

III. GENERAL INFORMATION

The Company

The Company is a leading municipal wastewater treatment and reclaimed water supply services provider in Yunnan Province, the PRC, an integrated water-related services (including running water supply service) provider and a core enterprise implementing the PRC's strategic goal to treat pollutants at Dianchi Lake.

Kunming Anju Group

Kunming Anju Group (formerly known as Kunming Public Rental Housing Development and Construction Management Co., Ltd.* (昆明市公共租賃住房開發建設管理有限公司)) is directly owned as to 65.05% by Kunming SASAC, while the remaining 34.95% is held as to 7.23% by Yunnan Provincial Department of Finance and 27.72% by Kunming Land Investment and Urban Construction Co., Ltd.* (昆明土投城市建設有限公司), respectively. Kunming Land Investment and Urban Construction Co., Ltd. is in turn owned as to 100% by Kunming Land Development Investment and Operation Co., Ltd.* (昆明市土地開發投資經營有限責任公司), a company controlled by Kunming SASAC. As the sole entity responsible for the construction and operation of public rental housing in Kunming, Kunming Anju Group is in an important position and possesses certain competitive advantages in terms of subsidies for security of tenure projects, policy support and asset injection, etc. Since its establishment, it has undertaken numerous public rental housing construction projects in the core urban areas of Kunming. At the same time, Kunming Anju Group also invests in market-oriented leasing projects and develops related businesses such as hotel operation and sales of price-restricted commercial properties.

Jinma Branch of Guandu Rural Cooperative Bank

Jinma Branch of Guandu Rural Cooperative Bank is a China-based financial institution that is mainly engaged in taking public deposits and providing loans and other activities.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, as at the date of this announcement, Kunming Anju Group is not a connected person as defined under the Listing Rules, and Jinma Branch of Guandu Rural Cooperative Bank is a third party independent of the Company and its connected person(s).

IV. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II thereunder are more than 5% and less than 25%, the entering into of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

V. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Kunming Dianchi Water Treatment Co., Ltd. (昆明滇池水务股份有限公司), a joint stock company incorporated in the PRC with limited liability on 23 December 2010, and its H Shares are listed on the Stock Exchange (stock code: 3768)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Entrusted Loan Contract”	the entrusted loan contract entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 16 June 2023
“Entrusted Loan Extension Agreement I”	the entrusted loan extension agreement entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2024
“Entrusted Loan Extension Agreement II”	the entrusted loan extension agreement entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2025
“Entrusted Loan Extension Transaction I”	the transaction contemplated under the Entrusted Loan Extension Agreement I, namely the extension of the maturity date of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract from 16 June 2024 to 16 June 2025

“Entrusted Loan Extension Transaction II”	the transaction contemplated under the Entrusted Loan Extension Agreement II, namely the extension of the maturity date of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I from 16 June 2025 to 16 June 2026
“Entrusted Loan Transaction”	the transaction contemplated under the Entrusted Loan Contract, namely the provision of a RMB80 million loan by Jinma Branch of Guandu Rural Cooperative Bank to Kunming Anju Group as entrusted by the Company
“H Shares”	overseas listed foreign shares of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Jinma Branch of Guandu Rural Cooperative Bank”	Jinma Branch of Kunming Guandu Rural Cooperative Bank* (昆明官渡農村合作銀行金馬支行), a third party independent of the Company and its connected person(s)
“Kunming Anju Group”	Kunming Anju Group Co., Ltd.* (昆明市安居集團有限公司) (formerly known as Kunming Public Rental Housing Development and Construction Management Co., Ltd.* (昆明市公共租賃住房開發建設管理有限公司)), a limited liability company incorporated in the PRC in 22 February 2011, which is directly owned as to 65.05% by Kunming SASAC, and is not a connected person as defined under the Listing Rules
“Kunming SASAC”	the State-owned Assets Supervision and Administration Commission of the Kunming People’s Government (昆明市人民政府國有資產監督管理委員會)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

By order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Zeng Feng
Chairperson and executive Director

Kunming, the PRC, 13 June 2025

As at the date of this announcement, the Board comprises Mr. Zeng Feng and Mr. Chen Changyong, as executive Directors; Mr. Xu Jingdong, Ms. Cheng Yijing and Mr. Zhang Yang, as non-executive Directors; and Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.

* *For identification purpose only*